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GAIN Report

Global Agricultural Information Network

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New opportunities for U.S. beer exports to Costa Rica

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Market Promotion/Competition

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Report Highlights:

The value of U.S. beer exports to Costa Rica increased 418.89 percent from 2009 and 2011 and 96.60 percent between 2010 and 2011 according to Global Trade Atlas (GTA). U.S. beers continue to gain visibility in the Costa Rican market, a country where beer is the preferred alcoholic beverage. New opportunities for U.S. beer exports are highly promising.

Executive Summary: Costa Rica is a beer-loving country with beer being the national alcoholic beverage of choice for Costa Ricans. Beer is popular across all population segments of Costa Rica's population and is consumed widely by visiting tourists each year as well. Though competitive, the market for beer is open for expansion and the import of U.S. beers is growing at an impressive rate. Price is extremely important for the typical buyer of beer, but a growing number of Costa Ricans are drawn to quality and a niche for specialty imports is beginning to develop. This report outlines important aspects of the market for beer in Costa Rica using data from Global Trade Atlas.

General Information:

Beer remains by far the most popular alcoholic beverage in Costa Rica and is widely enjoyed by Costa Ricans and tourists alike. Beer is consumed nationwide in bars, restaurants, and hotels, but the majority of beer consumed in the country is purchased at supermarkets or small retail outlets. When purchasing beer from retail stores Costa Rican consumers favor bottles over cans and 6-packs over single units. The preference for packs of beer is mostly economical; price is the single most important selling point for many beer-drinkers and purchasing beer in this format offers a discounted price. However, because of price, many imported beers are sold per unit as opposed to in packs. For those consumers whose tastes are driven largely by price, brand is usually less important than cost. These consumers are open to sampling new beers, domestic or imported, if they are offered at a bargain price; this group of clientele tends to be middle to lower-income consumers.

For those customers unconcerned with cost, largely the upper middle and middle classes, a small but growing niche exists for premium beers from abroad. The greatest variety of foreign beer can be found in larger supermarket chains or in specialty bars (such as themed bars like Irish Pubs or upper-scale restaurants) or establishments aimed at tourists. Tourists, of whom there are approximately 2 million annually coming to Costa Rica, are responsible for driving part of the demand for imported beers. Tourism is concentrated in coastal areas but most arrive to Costa Rica in San Jose where the majority of bars and restaurants are located in the country.

Lagers and light beers are the preferred brews of Costa Ricans and are the most commonly stocked and sold beer varieties. Imperial, the country's most popular brew amongst nationals and tourists, is a light lager beer. Imperial is manufactured and distributed by Florida Ice & Farm Company, which has a monopoly over the domestic manufacturing and distribution of beer. Pilsen, another light beer, and Bavaria, a darker brew, are the two other significant domestic lines of beer produced by Florida. Florida also owns exclusive rights to manufacture and distribute Heineken beer, as well as to import and distribute Toña (Nicaragua) and Corona (Mexico). Of imported beers in the country, Corona is the top-selling. Budweiser is the most commonly sold U.S. beer import, with Coors gaining popularity as well.

Importers consulted for this report expressed interest in enhancing their portfolios of American beers. Price point is a major factor for importers wishing to launch new brands into the Costa Rican market. Exporters wishing to enter the market would do best to begin with lower-priced beers, which is true of both standard brews and microbrews. Costa Ricans are most familiar with lighter beers, but exporters

wishing to introduce darker or specialty brews have the opportunity to cater to those consumers looking for unique products and would do best to enter high-end supermarkets. In terms of packaging, both canned and bottled beer imports are commonly sold by individual units, but canned beers that could be offered in packs smaller than a 24-case (as is now often the standard for imported American beer) would be welcomed by consumers looking for value.

Trade:

As domestic beers are well-established in Costa Rica, it is encouraging that imports of beer have grown, by value, 75.18 percent from 2009 to 2011 and 53.05 percent from 2010 to 2011. In total the market for imported beer in Costa Rica in 2011 was valued at \$6.93 million. These figures are encouraging for exporters wishing to enter the expanding market for beer in Costa Rica.

American exports of beer to Costa Rica exhibit high potential for continued growth. In addition to best-sellers Budweiser and Coors, many U.S. beers are already registered and distributed throughout Costa Rica. These beers include Samuel Adams, Old Milwaukee, North Coast, Miller, and Kirin. Some American beers are imported by brokers or brand representatives in the United States while other brands have distributors directly in the country. The promotion of these U.S. beers in Costa Rica has boosted U.S. beer exports 418.89 percent by value from 2009 to 2011 and put the total value of U.S. beer exports to Costa Rica in 2011 to \$1.79 million. This growth raised the market share of the United States for imported beer (by value) from 8.73 percent in 2009 to 25.87 percent in 2011, which was the largest amount of growth for any country importing beer to Costa Rica. Such expansion has made the United States the second largest exporter of beer to Costa Rica, following Mexico.

In 2011 Mexico held 38.67 percent of the market share for imported beers by value and remained the prime competitor of the United States for this market. In addition to Corona, popular Mexican beers in Costa Rica include Carta Blanca, Sol, Tecate, and Dos Equis (XX). However, while Mexico is the top exporter of beer to Costa Rica, its market share fell 24.27 percent between 2009 and 2011. The third largest importer of beer to Costa Rica is Nicaragua, whose best-selling exported beer is Toña; in 2011 Nicaragua captured 17.78 percent of the total market share of imported beer. While the U.S. does face competition in the market for imported beer, overall American exports have expanded greatly and have the potential to continue to outpace the growth of competitors.